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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002274

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SUBJECT: PRESIDENTIAL OFFICE SECRETARY GENERAL YEH CHU-LAN  
RESPONDS TO U.S. CONCERNS AND DISCUSSES DPP POLITICS

Classified By: AIT Director Stephen M. Young,  
Reasons: 1.4 (b/d)

11. (C) Summary: In an October 2 meeting with Presidential Office Secretary General Yeh Chu-lan, the Director stressed the importance for President Chen to avoid further unnecessary steps in the remaining months of his term that that could provoke cross-Straits tensions. Yeh said Chen and presidential candidate Frank Hsieh clearly understand this situation and their responsibilities, and she assured the Director that President Chen will have no further "surprises" beyond the UN referendum. She argued that Chen's successful efforts to prevent the insertion of radical language into the DPP's "Normal Country" Resolution was an indication that he is not planning any further surprises. The Director and Yu also discussed the pending selection of a new DPP chairperson, relations between Hsieh and Chen, the UN referendum, and the presidential election next March. End Summary.

12. (C) In a meeting October 2 with Presidential Office Secretary General Yeh Chu-lan, the Director stressed U.S.

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concerns over what President Chen might do next following his series of surprises, culminating in the UN referendum. President Chen needs to understand the importance of avoiding unnecessary steps, taken in the name of democracy, that can lead to cross-Straits tensions. The U.S. will be paying especially close attention to political developments between now and the inauguration of the new president next May, the Director added. Taiwan needs to be very careful not to give the PRC any excuse to resort to force.

13. (C) President Chen and DPP candidate Frank Hsieh clearly understand this situation and their responsibility for protecting the lives and well-being of the people of Taiwan, Yeh responded. President Chen is very clear that the DPP, as the ruling party, has a responsibility not to change the status quo. He proved himself a "responsible leader" by ensuring that the DPP party congress on September 30 did not approve the radical version of the "Normal Country" Resolution (NCR) proposed by outgoing Chairman Yu Shyi-kun, Yeh maintained. Chen and Hsieh adopted a very responsible position on the NCR issue despite pressure from within the

party and accusations of "betrayal." PRC actions toward Taiwan have been counterproductive, increasing the domestic pressure on Taiwan's leaders, Yeh added.

14. (C) According to Yeh, if President Chen, presidential candidate Frank Hsieh, and other leaders, including herself, had not stepped in, Yu's radical NCR would almost certainly have been approved by a wide margin at the party congress. Chen had worked to channel party opinion rather than to block it, in order to avoid an open rupture within the party. While party delegates could understand the need for restraint, they were not happy following the debate, and so Hsieh had canceled the campaign rally that had been planned to be the center piece of the party congress.

15. (C) President Chen will make no further moves beyond the UN referendum, Yeh assured the Director. If Chen wanted to go further and launch a new surprise, he would not have intervened but rather would have allowed Yu's radical NCR to go forward. President Chen and Frank Hsieh are trustworthy, Yeh maintained. They will do their utmost to ease problems with the U.S., and the members of the DPP, despite some dissatisfaction, will accept their leadership.

16. (C) Communications between Hsieh and Chen are good, Yeh said, noting that they have a regular weekly meeting and that she plays an important intermediary role, serving both as Hsieh's campaign manager and Secretary General of the Presidential Office. Although President Chen played the leading role in the September 15 UN rally, that was because the UN initiative is a major government policy. Now, the emphasis will shift more toward Hsieh, Yeh predicted, adding that Hsieh will determine campaign strategy, while Chen will focus on helping with campaigning.

17. (C) Yeh said she had sincerely hoped Yu Shyi-kun would

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stay on as DPP chairman in the interests of restoring party unity, which has been damaged. Although insisting on resigning, Yu has confirmed his support for Hsieh and Su. The delegates who voted for the Yu version of the NCR support the party's position, and the DPP will be able to quickly restore party unity, Yeh predicted.

18. (C) Yeh said the party's Central Standing Committee (CSC) meeting on Wednesday (October 3) would consider the question of filling the party chairman vacancy, which should be decided without delay. The three options for filling the vacancy are: for President Chen to fill the position, which is what the party charter prescribes; to elect a new chairman, or to select an acting chair to serve through the presidential election next March. While party tradition would suggest the new chair should resign if the DPP fails in the January Legislative Yuan (LY) elections, it is up to the party to decide the standard for success and failure. The DPP's target for the LY elections is to win 50 of 113 total seats, Yeh added. (Note: The DPP CSC on October 3 unanimously called upon President Chen to resume the party chairmanship.)

19. (C) If Ma wins the presidential election next March, Yeh assured the Director, President Chen will not take controversial steps such as declaring independence in the period between the election and the presidential inauguration in May. The DPP would accept the choice of the people and Chen would be busy with the transition in such a case. In what she termed the highly unlikely event Ma does win, Yeh said she would expect him to cozy up to China, resulting in the "Hong Kongization" of Taiwan. The DPP, which has been in power for only seven years, needs eight more years under Hsieh to correct the various abnormalities left over from the KMT authoritarian period, Yeh argued, after which Taiwan's political parties will be able to engage in healthy competition.

¶10. (C) Asked about the possibilities of withdrawing the DPP UN referendum or combining it with the KMT referendum, Yeh explained that the two referenda are completely separate cases. A referendum proposal with fixed language goes through a process according to law, which requires collecting a certain number of signatures within a time limit. Half of eligible voters must participate in a referendum to make the results valid, which is a high standard, Yeh acknowledged, adding that the DPP will accept the results if its UN referendum does not pass.

Comment

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¶11. (C) Yeh Chu-lan is close to Frank Hsieh, so her position in the Presidential Office will help ensure that President Chen takes Hsieh's views and campaign needs into account as he addresses sensitive policy questions. While some supporters of Yeh have recently been touting her in the media as a candidate to become acting DPP Chair, most DPP heavyweights would prefer that Chen take the position because they see him as the only leader with the clout to unify the party's divisive factions and individuals.  
YOUNG